



Ninety-Eighth Legislature - Second Session - 2004
Introducer's Statement of Intent
LB 845

Chairperson: Mark Quandahl
Committee: Banking, Commerce and Insurance
Date of Hearing: January 26, 2004

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

This bill contains proposed amendments to both the Nebraska Time-Share Act and the Nebraska Real Estate License Act. Both Acts are administered by the Nebraska Real Estate Commission.

The intent of the seven proposed amendments to the Nebraska Time-Share Act portion of this bill is to update and clarify provisions inhibiting registration of time-share projects in Nebraska due to changing industry practices or inconsistent laws in situs states.

The amendments to the Time-Share Act modify requirements for provisions in a time-share project's governing documents. The same three amendments are proposed for both time-share estate programs (Section 1 of the bill) and time-share use programs (Section 2 of the bill). These proposed amendments: (1) clarify that unavailability of a unit due to acts of nature do not impose a duty on the developer to find alternative accommodations; (2) set a different standard for provisions suspending an owner's use for nonpayment of common expense assessments, than those for violation of rules, to allow an association the ability to keep "nonpayers" from using the premises, yet still giving an owner sufficient time to pay or show payment was made; and (3) provide a means for owners to communicate with other owners on association business without compromising their privacy. Laws in some situs states prohibit the disclosure of owners' names and addresses to other owners, while our current law requires such disclosure. This proposed amendment protects privacy and owners' corporate voting rights.

The last change to the Time-Share Act (Section 3 of the bill) provides a cap on renewal fees of \$1,500.00 per time-share program to allow sufficient funds for the Commission to review renewal applications, while not making the renewal registration cost prohibitive for time-share programs. Since some programs continue to build additional units or are multiple-site programs, the renewal fees, which are currently based on the number of units originally registered, can become excessive. Again, the proposed \$1500.00 renewal fee would cover the review costs accrued by the Commission.

The last two proposed amendments in this bill affect the Nebraska Real Estate License Act (Section 4 of the bill). They both propose to amend Neb. Rev. Stat. Section 81-885.55 which relates to the errors and omissions insurance program offered through the Commission for real estate licensees. The first deletes obsolete language. The second proposes to increase the premium limit set forth in the Act from \$200.00 to \$500.00. The amendment is proposed based on the dramatic increase in premiums for mandatory errors and omissions insurance in the last two years.

Principal Introducer:

Senator Dennis Byars